

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

RECEIVED  
Oct 16 5 14 PM '01  
POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF AOL TIME WARNER INC.  
REDIRECTED FROM WITNESS VAN-TY-SMITH  
(AOL-TW/USPS-T13-1(a-b) and 3)

The United States Postal Service hereby provides its responses to the following interrogatories of AOL Time Warner Inc.: AOL-TW/USPS-T13-1(a-b) and 3, filed on October 2, 2001. These interrogatories were redirected from witness Van-Ty-Smith.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



Frank. R. Heselton

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-4823; Fax -5402  
October 16, 2001

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
INTERROGATORIES AOL-TW**

**AOL-TW/USPS-T13-1.** You refer to USPS LR-J-55 as fulfilling the same role as USPS LR-I-106 did in R2000-1. You also state that the purpose of your testimony is to summarize USPS LR-J-55. USPS-T13, at 1. Yet LR-J-55, both the hard copy and the electronic version posted on the Commission's web site, contains only a few listings of SAS code. On the other hand, USPS LR-J-82, the "PRC Version" of LR-J-55, contains much more information, including eight EXCEL files with various tables and an apparently more complete list of SAS code files.

- a. Please describe the contents of each of the Excel files in LR-J-82.
- b. Please indicate which, if any, of the EXCEL files in LR-J-82 also apply to EXCEL-J-55.

**Response to AOL-TW/USPS-T13-1.**

- a. Please refer to the pdf file for LR-J-82 on the PRC WEB site. The write-up on page i indicates what is included in the Excel files. Each Excel spreadsheet corresponds to a "Part" of LR-J-82 and all the tables for that "Part" are contained in separate worksheets. The table of contents on pages ii to iv of LR-J-82 provides descriptive titles for the tables in each "Part." The title and the page number for each table in each Excel spreadsheet can also be viewed when using the "Print Preview" option.
- b. Please refer to the pdf file for LR-J-82 and the pdf file for LR-J-55 on the PRC WEB site. The table contents for each "Part" of LR-J-82 on pages ii-iv can be compared with the table of contents for each "Part" of LR-J-55 on pages II-1, III-1, IV-1, V-1, VI-1, VII-1. The tables in the pdf file for LR-J-55 are the LR-J-55 equivalents of the tables in each excel file in LR-J-82.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
INTERROGATORIES AOL-TW**

**AOL-TW/USPS-T13-3**      Apart from the different assumptions about volume variability at various cost pools, precisely what are the methodological differences between the programs described in LR-J-55 and LR-J-82? In particular, does your "PRC version" incorporate the Commission's preferred R97-1 and R2000-1 method for distribution of allied mixed mail costs?

**Response to AOL-TW/USPS-T13-3.**

Highlights of the methodological differences between the programs in LR-J-82 and those in LR-J-55 can be gleaned from PRC Op, R2000-1, Vol.1 at 79-85 and 98-107. In particular:

-- The Commission's preferred R97-1 and R2000-1 method for distribution of allied mixed mail costs and allied not-handling costs is incorporated in LR-J-82 SAS programs M5ALLIED, B5ALLIED AND N5ALLIED. These programs supersede LR-J-82 programs MOD4DIST, BMC4 and NONMOD4 for the cost distribution to subclasses in allied operations.

-- The pool costs and the assignment of IOCS tallies to cost pools are similar between the PRC and the USPS versions. However, LR-J-82 reflects the Commission's definition of mail processing costs, which exclude the "migrated" costs in each cost pool. The PRC version of program MOD1DIR identifies the "migrated" tallies in each mail processing cost pool for MODS offices, based on the IOCS activity codes. In the SAS report generated by program M5ALLIED (see Table II-a), the "migrated" costs are not included in the subclass volume-variable mail processing costs but are shown separately by activity code. These costs are "reversed" to the Window and Administrative Services components in the PRC version of C/S 3 B Workpapers (see USPS LR-J-74).

-- LR-J-82 also includes the Commission's treatment of MODS support cost pools which is based on the USPS R97-1 methodology but is applied to non-"migrated" tallies. The PRC version of Program MOD4DIST resembles the USPS version of Program MOD4DIST in Docket R97-1: it

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
INTERROGATORIES AOL-TW**

does not contain the distribution of allied not-handling costs and the distribution of support pool costs proposed by the Postal Service in R2000-1 which are present in the USPS version of MOD4DIST in this docket.

Other differences include some USPS refinements present in LR-J-55 but not in LR-J-82, such as:

-- the assignment of special service costs to the pieces of mail being processed as reflected in the "encirclement" procedures in program MOD1POOL. The current PRC version of the "encirclement" still relies on the procedures established in the C/S 3.1 B Workpapers in R97-1 to distribute volume-variable costs to such special service as Registered Mail. It does not incorporate the refinement proposed by the USPS in Docket R2000-1 (and again in this docket), which eliminates the need for such procedures.

-- the apportionment of the clocking in/out costs at BMCs and Non-MODS offices. The subclass volume-variable costs generated by LR-J-55 SAS programs BMC4 and NONMOD4 include the mail processing shares of the clocking in/out costs. The subclass volume-variable costs generated by LR-J-82 SAS programs B5ALLIED and N5ALLIED do not include the mail processing shares of the clocking in/out costs. These costs are apportioned in the PRC version of the B Workpapers.

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

  
Frank R. Heselton

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
October 16, 2001